

REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

LIMITED REVIEW OF
DEPARTMENT OF OPERATIONAL SERVICES (DOS),
WATER AND SEWERAGE CUSTOMER SERVICE DIVISION

INTERNAL AUDIT REPORT (IAR) 600008-03

February 27, 2008



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Councilman Joe Shyne
Chairman, Shreveport City Council

Dear Councilman Shyne:

Subject: IAR 600008-03 - Limited Review of Department of Operational Services,
Water and Sewerage Customer Service Division

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Graham, CPA, CIA
City Internal Auditor

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EXECUTIVE SUMMARY
LIMITED REVIEW OF THE DEPARTMENT OF OPERATIONAL SERVICES
CUSTOMER SERVICE DIVISION
INTERNAL AUDIT REPORT (IAR) 600008-03

The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should only be used in conjunction with the entire report.

INTRODUCTION

As noted in the City of Shreveport's Annual Operating Budget, the Office of Water and Sewerage, which is responsible for providing drinking water and wastewater treatment for the residents and businesses located within the City of Shreveport, is located within the Department of Operational Services and houses five divisions. One of those divisions is Customer Service. Its mission is for each employee to be well-informed, dedicated, courteous, efficient, and committed to providing high quality service which exceeds the expectations of its customers.

RECOMMENDATION EVALUATION RISK CRITERIA

The chart below summarizes the recommendations outlined in the report and our evaluation of risk for the recommendations. We evaluated the importance of each audit recommendation by assigning each a level of risk. The risk levels, as defined in the chart below, were assigned by auditor judgment and determined based on the possible results for the entity if the recommendation is not implemented.

<i>Risk Levels</i>	<i>Recommendations</i>
<u>High Risk</u> Possibility of fraud, waste, and abuse of City assets; Interrupted and/or disrupted operations; Entity's mission not being met; Adverse publicity.	<ul style="list-style-type: none">▪ Update the existing telecommunications capability. (Finding 1)▪ Update or purchase an adequate EDP system. (Finding 2)▪ Improve work order processing by upgrading system or purchasing laptops. (Finding 3) Decrease span of control. (Finding 4)
<u>Medium Risk</u> Possibility of continuing, significant operating inefficiencies and high-level non-compliance issues.	<ul style="list-style-type: none">▪ Establish a consistent method of recording, resolving, and/or forwarding customer complaints. (Finding 5)▪ Develop and implement a policies and procedures manual. (Finding 6)▪ Develop a training program & document all training. (Finding 7)▪ Develop job descriptions for all positions and revise outdated ones. (Finding 8)
<u>Low Risk</u> Possibility of continuing operating inefficiencies and some low-level non-compliance issues.	<ul style="list-style-type: none">▪ Request a study be performed to address space needs. (Finding 9)

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**LIMITED REVIEW OF THE DEPARTMENT OF OPERATIONAL SERVICES
WATER & SEWERAGE CUSTOMER SERVICE DIVISION
INTERNAL AUDIT REPORT (IAR) 600008-03**

Objectives

We have completed a limited review of the Department of Operational Services, Water & Sewerage Customer Service Division. The objectives of the review were to:

- Determine the overall operating efficiency and effectiveness of the division.
- Determine efficient use of resources.
- Determine possible causes of water billing concerns/complaints.
- Determine adequacy of policies and procedures.
- Determine if a system is in place to record and relay customer/citizen feedback.
- Determine any affiliation with Boards or Commissions.

Scope and Methodology

Our audit was performed in accordance with applicable generally accepted governmental auditing standards as defined in Section A.30 of the Internal Audit Office Operating Instructions Manual. The scope of the study of internal controls was limited to assessing the general controls surrounding the specific issues addressed and the aforementioned objectives. General audit procedures included, but were not limited to the following:

- Interviewing/discussions with appropriate personnel.
- Testing compliance with established or stated policies and procedures.
- Observing operations and ongoing activities.
- Reviewing and/or performing test work on files, records, reports, and any other applicable documentation.

Background

The Office of Water and Sewerage, which is responsible for providing drinking water and wastewater treatment for the residents and businesses located within the City of Shreveport, is located within the Department of Operational Services and houses five divisions: Customer Service, Purification, Wastewater, Field Services, and Environmental Affairs. The Mission of the Customer Service division is for each employee to be well-informed, dedicated, courteous, efficient, and committed to providing high quality service which exceeds the expectation of its customers.

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Representatives of the division support and maintain about 65,000 customer accounts each month. The Customer Service Representatives provide assistance with billing inquiries, help customers with payment plans, direct disadvantaged customers to social agencies for financial assistance, research account histories, and update work orders completed by Field Operations Representatives. Customer service also performs departmental dispatch and tracking of all customer concerns.

Other Operational Data

During 2007, DOS Customer Services Division had two contracts with outside contractors totaling \$1,185,000. The contracts' name, length, and amounts are listed below:

- Port City Utilities Meter Reading Services Contract (Annually) **\$635,000**
(This contract was discontinued as of 2007, and this service was brought in-house.)
- Shreveport Water Assistance Program (SWAP) **\$550,000**
(This contract is administered through two agencies: Caddo Community Action Agency and Socialization Services, Inc.)

There were no independent boards or commissions affiliated with the operations of this entity.

Conclusions/Findings/Recommendations

The Internal Audit Office would like to extend its appreciation for the assistance, courtesy, and cooperation extended to us by the staff of the Customer Service Division. Overall, we found that management was operating the division effectively and efficiently and that the internal control environment was adequate. We have, although, offered several suggestions and recommendations that may enhance and/or improve the division's operating ability. They were as follows:

- Develop and implement a policies and procedures manual.
- Adopt a standard training policy and maintain a centralized record of training statistics.
- Establish a consistent, documented method of recording, resolving, and/or forwarding customer concerns, suggestions, and/or complaints.
- Update the existing telecommunications capability.
- Request a study be performed of the space needs concerns.
- Develop job descriptions for positions added to the roster and revise outdated ones.

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1. Telecommunications Capability

Criteria: Service is enhanced when an organization is fully equipped to deal with customers in a fast, efficient, and effective manner. The ability to complete a call and obtain needed information not only earns goodwill but projects professionalism.

Condition: The existing telecommunications capability of the Customer Service Division (CSD) is inadequate to handle call volume information.

1. Presently, each of the 22 employees does not have a designated or assigned phone line. The office has 15 phone lines to serve three different functions of the CSD. Thus, leaving a maximum of 15 phone calls that could be placed on hold.
2. Due to inadequate capability of the phone system, once the maximum number of held calls is reached (which is 15), the 16th caller will receive a busy signal.
3. The existing system does not have a recorded menu option to assist callers wanting general information (misreads, cut-ons or cut-offs, etc.). Certain times during the day, hundreds of callers may phone requesting various information. It is estimated that between 200–300 (20-30%) of an estimated 1,000 calls daily are dropped.
4. The existing system does not log the time or document an incoming call; thereby, making it virtually impossible to track the customer service representative responsible for handling a call.

Effect:

- Adverse publicity.
- Customer dissatisfaction.
- Stressful working conditions.
- Inability to leave confidential messages to administrative employees during peak hours or if lines are busy.

Cause: The benefits of having an adequate telecommunications capability had not been considered.

Recommendation: We recommend that:

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1. The existing telecommunications capability is updated at the CSD. Specifically, the updates should include additional phone lines in order to more effectively handle day-to-day operations in addition to daily activities. Preferably, each activity should have its own assigned line.
2. A Voice Automated Answering System should be investigated to allow callers the opportunity to leave pertinent information which could then be retrieved later for investigation by a representative.
3. Management include a tool in its system to evaluate calls.

Management Plan of Action/Timetable:

1. We agree. Monies have been budgeted for 2008 for additional phone lines. Anticipated completion date – September, 2008.
2. We agree. Monies have been budgeted for 2008 for a Voice Automated Answering System. Anticipated completion date – September, 2008.
3. We agree. Management will investigate related costs of such capability. Anticipated completion date – June, 2008.

2. Electronic Data Processing (EDP) Enhancements

Criteria: To ensure accurate and timely processing of data and information, all computer systems should have adequate window-based technology to allow the viewing of various sources (screens) of information related to a particular account.

Condition: Our review of the EDP billing system being used by the Customer Service Division revealed the following weaknesses:

1. The system is not windows-based, which did not allow the representatives the ability to view more than one screen simultaneously. For calls that require the review of more than one screen, the representatives had to exit the current screen (program) and access the appropriate one, which was time-consuming.
2. The current system did not have the capability of allowing the caller to pay by phone.

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3. The current system's reaction time was slow when being accessed by several representatives at the same time.

Effect:

- Calls being dropped.
- Callers not being serviced.
- Inefficient, uneconomic use of resources.

Cause: The current system is outdated and outmoded.

Recommendation: We recommend that management consider upgrading the current system or purchasing a new one to meet its needs.

Management Plan of Action/Timetable: We agree. A new CIS Billing System is included in a recent RFP for Water System Infrastructure Improvements. Anticipated completion time is 24 – 36 months.

3. Work Order Processing

Criteria: Routine manual processes and procedures should be automated, when practical, to increase efficiency of operations.

Condition: We noted that:

1. The Customer Service Division (CSD) generates work orders via customer complaints or requests. The representatives input these complaints/requests into the EDP system which in turn generates a hard copy work order. Depending on the nature of the complaint/request, these work orders are either completed/worked by the independent contractor or the DOS/Maintenance Division, which is separate from the CSD.
2. The CSD is not apprised of the status of the work order in a timely and electronic manner. We noted that a hard copy of the work order is resubmitted to the CSD whereas its status is re-input into the system by CSD employees. Meanwhile, customers may have called several times to ascertain the status of a complaint or request. However, the call taker does not have the information available to them because of the manual process being used.

3. A different division is responsible for following up on the work order which severely handicaps the CSD concerning the status, timeliness etc. of the work order.

Effect:

- Adverse publicity.
- Poor customer relations.
- Inefficient and slow processing of relevant information.

Cause: Outdated computer system and process.

Recommendation: We recommend that management:

1. Upgrade or purchase a system to satisfy its needs and requirements.
2. Consider purchasing laptops for those employees following up on work orders.

Management Plan of Action/Timetable:

1. We agree. The new CIS Billing System will include an upgraded work order module which should better serve our needs and requirements. Anticipated completion time is 24 – 36 months.
2. We agree. Management will investigate the feasibility and associated costs with purchasing laptops for Field Operations personnel and automating the work order process, i.e., getting away from paper work orders. This will be in conjunction with the new CIS Billing System. Anticipated completion time is 24 – 36 months.

4. Span of Control

Criteria: One of the most important management functions is control. The span of control in management includes all the activities the manager undertakes in attempting to ensure that actual results confirm to planned results.

Condition: The reporting of the completion of work orders is not done in a timely manner. We noted that the Customer Service Division may be blamed for work not directly under its

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jurisdiction. Specifically, we noted that the work orders are followed up on by the independent contractor (Port City Utilities—rereads, misreads, etc.) and a separate division (DOS-Maintenance Division—turn-ons/turn-offs, meter replacements, etc.) that are not under the responsibility of the CSD. However, the perception is that the status of work done on these requests/complaints is the responsibility of the CSD. In reality, the CSD can only learn of the status of a work order if information is provided in an accurate and timely fashion by the aforementioned entities. (If not, the work order remains in an open status until the project has been reported as being completed by the entities mentioned).

Effect:

- Ineffective customer service.
- Adverse publicity.

Cause: Outdated computer equipment.

Recommendation: We recommend that:

1. Laptops are purchased for those employees who follow up on work orders.
2. Consideration is given to reorganizing or streamlining the process for reporting on the status of work orders.

Management Plan of Action/Timetable:

1. We agree. Management will investigate the feasibility and associated costs with purchasing laptops for Field Operations personnel and automating the work order process, i.e., getting away from paper work orders. This will be in conjunction with the new CIS Billing System. Anticipated completion time is 24 – 36 months.
2. We agree. Management is in the process of transferring the responsibility of updating all completed work orders from the Customer Service Division to Field Operations. This will streamline the process by stopping the “travel” of completed paper work orders from one location to another, delaying the update process. Anticipated completion date – February, 2008. In addition, automating the work order process in conjunction with the new CIS Billing System will further streamline this process. Anticipated completion time is 24 – 36 months.

5. Documentation of Customer Complaints

Criteria: Customer feedback provides management with a barometer with which to measure the accomplishment of its goals and objectives. One way to obtain this external feedback is to provide a formal mechanism by which to capture, evaluate, and follow up on areas in need of improvement.

Condition: The Customer Service Division (CSD) had no formal mechanism of recording, resolving, or forwarding customer concerns, suggestions, or complaints from the general public that called or visited this office.

(Auditor's Note: We did note that CCAR administered by the Mayor's Office was used to obtain any complaints documented concerning CSD activities.)

Effect:

- Inability to timely identify and/or rectify problem areas.
- Customer needs not met possibly resulting in negative publicity.

Cause: Management had not developed a formal system to handle customer concerns, suggestions, or complaints.

Recommendation: We recommend that the CSD:

1. Establish a consistent, documented method of recording, resolving, and/or forwarding customer concerns, suggestions, and/or complaints. For instance, a customer complaint file by name of complainant, type of complaint, etc. could be developed. This information could also be used as a performance measure in evaluating management effectiveness.
2. Document and forward concerns beyond the scope of CSD to DOS administration.
3. Conduct annual surveys of a sample of customers. This survey will aid in establishing workload indicators and assist in validating the need for improvements in customer relations.

Management Plan of Action/Timetable:

1. We partially agree. CCAR already offers a consistent, documented method of recording, resolving, and/or forwarding customer concerns, suggestions, and/or

complaints. There is no need to develop another complaint file. We will concede, however, that CCAR is underutilized by the Customer Service Division. Management will develop a procedure to ensure that CCAR, and its replacement in the near future, are properly utilized. Anticipated completion date – March, 2008.

2. Again, we partially agree. CCAR is already being used, though underutilized, for this purpose. Management will develop a procedure to ensure that CCAR, and its replacement in the near future, are properly utilized to forward concerns beyond the scope of the Customer Service Division. Anticipated completion date – March, 2008.
3. We partially agree. Management will investigate the cost versus the benefit to the City of conducting annual surveys. We feel that the same information may be gained through customer utilization of the new complaint system. Anticipated completion date – October, 2008.

6. Standard Operational/Administrative Procedures Manual

Criteria: A standard procedures manual can improve operations by providing uniformity in practices, establishing clear lines of responsibility, enhancing accountability, and lessening the threat to continuity posed by employee turnover.

Condition: The Customer Service Division has not documented policies and procedures that communicate and clearly define authority and responsibility to employees regarding many of the operational and administrative activities performed by the Division. Specifically, we noted a lack of clearly defined policies for operational matters concerning the following activities: documenting customer concerns about water billing and/or service; documenting customer complaints and the resolution thereof and other critical tasks and responsibilities. Furthermore, there were no administrative policies regarding personnel issues, training, call taking, etc.

Effect:

- Operations may not be in accordance with mission, goals, and objectives.
- Existing laws and regulations may be violated.

Cause: Management has not assessed the benefits of such a document. In many cases, verbal instructions are given to employees. Furthermore, in the past, a lack of turnover in key positions has resulted in continuity of practices.

Recommendation: We recommend management develop and implement a policies and procedures manual which addresses key operations and activities of the organization. This manual should be distributed to employees and would serve as a reference tool and/or training manual for employees seeking guidance on the proper handling of transactions and situations.

Management Plan of Action/Timetable: We agree. Management will develop a policies and procedures manual which will be made available to all employees. Anticipated completion date – December, 2008.

7. Training and Development

Criteria: Employees should receive training and be afforded opportunities for professional development to ensure that the division's objectives are obtained in an economic, efficient, and effective manner.

Condition: The Division offers no formalized training and development program for its employees. As a result, it was difficult to adequately analyze, assess, and evaluate training needs for each individual, group, or functional area. Additionally, we noted that there was no budget for employee training.

Effect: The possibility exists for:

- Inadequately and improperly trained employees.
- Inefficiencies in job performance.
- Inadequate identification of training needs.
- Inadequate evaluation of training and development program.

Cause: Management has not promulgated an adequate training policy.

Recommendation: We recommend that management:

1. Adopt a standard training policy for the Customer Service Division.
2. Maintain a centralized computer record of training statistics to adequately monitor employees to ensure that the necessary training is received.

Management Plan of Action/Timetable:

1. We agree. Management will develop a standard training policy for the Customer Service Division which will cover professional exceptional customer service training, as well as in-house training. Anticipated completion date – December, 2008.
2. We agree. Management will ensure that training statistics are maintained for all employees. Anticipated completion date – December, 2008.

8. Job Descriptions/Job Audits

Criteria: Job (position) descriptions serve as a formal record of major duties and responsibilities assigned to a position. Each employee should have an accurate position description that serves as a basis for recording the responsibility and accountability delegated to an employee and for measuring the employee's performance.

Condition: Accurate job descriptions were not available for all employees of the Customer Service Division. We noted that the job descriptions had not been updated in several years. Since that time, new positions had been added; others deleted and changed, due to new and advancing technology and equipment.

Effect:

- Employees may not be aware of what is expected of them and in what way their performance may be deficient.
- Incomplete basis on which to evaluate employee performance.

Cause: Other responsibilities have precluded updating job descriptions.

Recommendation: We recommend management:

1. Develop job descriptions for those positions that have been added to the position roster and revise outdated job descriptions to ensure they reflect current duties and responsibilities of employees. These job descriptions would document position responsibilities, as well as provide an objective basis on which to evaluate job performance. Additionally, the administrator and all employees should sign and date the respective job descriptions.

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2. Consult with the Personnel Office to determine whether job audits should be performed on the various positions.

Management Plan of Action/Timetable:

1. We agree. Management will ensure that Position Description forms are reviewed for all employees. Major duties and responsibilities, as well as specific job expectations, will be revised as needed. Anticipated completion date – September, 2008.
2. We disagree. Management will work with any employee that requests a job audit and follow the procedures which are already in place.

9. Space Needs Concerns for the Customer Service Division

Criteria: Responsive customer service and overall customer satisfaction should be regarded as necessary components of good business practices.

Condition: A review of the CSD revealed a lack of adequate space necessary to carry out basic customer service activities. For example, we noted that the CSD lacked adequate space for servicing the public and for meeting with customers concerning sensitive billing issues. Additionally, the cramped office space area did not lend itself to creating the most effective and efficient working environment possible for the CSD employees.

Effect:

- Negative customer perception and satisfaction.
- Adverse publicity.
- Decreased employee morale.

Cause: Lack of available space and inadequate space planning has resulted in this concern.

Recommendation: We recommend that management request a study be performed of the space needs concerns for the CSD Office in order to determine the most efficient and effective utilization of office space.

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Management Plan of Action/Timetable: We partially agree. Management does not feel that City money needs to be spent for a study. However, money has been budgeted for 2008 to build a new facility at 2139 Greenwood Road to house the Customer Service Division and Environmental Affairs. Key employees have visited the AEP customer call center and our new facility has been similarly designed. The plans have been drawn up, reviewed by management, and should remedy the space needs concerns.

Prepared by:

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tzm

c: Mayor
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